

OPERATIONAL PLANS

DOMESTIC PRODUCT DEVELOPMENT

1991

REVISION II

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- I. Objectives: To maximize the potential of existing brand families by developing line extensions, modifying existing products, and providing products for market segment where PM is unrepresented.

II. Strategies/Timatables:

A. Strategy I -- Develop Marlboro line extensions on both Red and Lights

- | | |
|---|---|
| • Marlboro 83mm Box
- Test Market | Complete
1st Quarter |
| • Marlboro Ultra Lights
(.75 - .85 T/P) | Test Market |
| • Marlboro Milds/Mediums
(1.35 - 1.45 T/P) | Complete
National Launch
May 1991 |
| • Marlboro Extra Lights
(1.1 - 1.2 T/P) | Complete
Shelf Product |
| • Marlboro Medium 100's
(SP/FTB) | June 1992 |

B. Strategy II -- Develop 80/83mm B&H line extensions in Full Flavor/Lights, Regular/Menthol & 24.8mm circumference.

- | | |
|----------------------------------|---------------|
| • Initial Models | Complete |
| 1. Full Flavor Regular | February 1991 |
| • 1.8 T/P and 1.6 T/P | |
| • 80mm/83mm length | |
| • 16mg/14mg tar | |
| • 24.8mm circumference | |
| • B&H 100's Blend | |
| 2. Full Flavor Menthol | February 1991 |
| • 2.3 T/P, 2.2/2.4 T/P range | |
| • .075 M/P, .0645/.085 M/P range | |
| • 80mm/83mm length | |
| • 24.8m circumference | |

Blends by priority 1) B&H 100; 2) MB4B; 3) N Type

3. Lights Regular

February 1991

- 1.3 T/P and 1.1 T/P
- 80mm/83mm length
- 24.8mm circumference

4. Lights Menthol

- 1.5 T/P - 1.4/1.6 range
- .09 M/P High .08/.1 range
- .07 M/P Low .06/.08 range

Blends by priority 1) B&H 100 Menthol; 2) MB4B; 3) N Type

5. Consumer Testing

1st/2nd Quarters

- Regular/Menthol
- Full Flavor/Lights

6. Marketing Research

1st Quarter

- Packing Type and Size

• National Launch

September 1992

C. Strategy III -- Develop 80/83mm Virginia Slims line extensions in Full Flavor/Lights, Regular/Menthol in 24.8 and 23.0mm circumference

• Initial Models

1st Quarter

- Full flavor
 - 1.8 T/P and 1.6 T/P
 - Regular/Menthol
- Lights
 - 1.3 T/P and 1.1 T/P
 - Regular/Menthol
- Circumference 23.0/24.0/24.8mm

• Consumer Testing

2nd Quarter

• Menthol Technology

Ongoing

- Release compounds
- Microencapsulation

• National Launch

TBD

Domestic Product Development 1991 Operational Plans (cont'd.)

- D. Strategy IV -- Develop a 70mm and King Size price value non-filter product using cost effective blend
- Model Designs/Initial Prototypes 1st Quarter
- E. Strategy V -- Develop menthol product technology for utilization in new product programs.
- Menthol Interaction Mapping
- T/P and M/F 1st Quarter
 - Refinement "K" & "N" Type Products 2nd Quarter
 - Blend Selection
 - Flavors/Casings
 - Monadic Testing
 - Test Market
 - Menthol Technology Ongoing
 - Release Compounds
 - Microencapsulation
- F. Strategy VI -- Develop products which incorporate socially acceptable benefits; specifically low aroma/low smoke/low aroma-low smoke.
- Ambrosia II
 - Chemical/Sensory Ongoing
 - Assessment of Release Compounds Ongoing
 - Blend Component Aroma Evaluations 1st Quarter
(25 vs 45 gm basis wt)
 - Charcoal Filter Evaluations 1st Quarter
 - Optimization Monadic Testing 1st Quarter
 - Assessment of New LSS Paper Ongoing
- G. Strategy VII -- Development of products to address competitive market entries.
- Ambrosia II
 - Chelsea Type Complete
 - Horizon Type Shelf Item

Domestic Product Development 1991 Operational Plans (cont'd.)

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Single Wrap Conversion	1st Quarter
Specifications	1st Quarter

- H. Strategy VIII -- "Best of the Lowest Development (BOLD)" -- Develop ultra low tar products which utilize proprietary PM technologies, viz., tar reduction, nicotine control, flavor delivery, filter systems, etc., which will provide a competitive edge in the existing U.L. market segment.
 - Development -- Best KS prototype to date uses Blend 244, dual CA/paper core concentric filter with a light total blend casing and PM type aftercut. Monadic POL of the KS prototype tested well as compared to competitive brands. Current emphasis remains on improving the 100mm prototype. This work includes blend, flavor, paper and filter modifications. Additionally, development of menthol companions have been completed.
 - 100mm Improved Prototypes:

Paper Evaluations (PC Control)	1st Quarter
- Multifex/Albacar Levels	
- Basis Weight	
- Citrate Levels	
- Porosity	
Filter/Plasticizer Evaluations	2nd Quarter
- PM Web	
- CA Web	
- Tela Paper	
- Triacetin/Triethyl Citrate	
Flavor System	1st Quarter
Baseline Menthol Testing	Complete
100mm Improved Prototype Testing	March/April 1991
Qualitative Research	Ongoing
Test Market	June 1991
National Introduction	February 1992

- I. Strategy IX -- "Lowest of the Lowest" -- Develop ultra low tar line extensions for the Cambridge/Bristol Family: 1mg KS and 2mg 100.

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- Development -- Preferred prototypes utilize a high ET-type blend with 50% inclusion (BLDET). A 1.8/35000 CA filter has been selected for both 85/100mm products which also incorporate a specified paper (36% CaCO₃, 1.7% citrate, 28 g/m²). Factory trials have been completed at the Cabarrus plant and specifications issued for 1mg KS SP Cambridge/Bristol and 2mg 100 SP Cambridge/Bristol.
- Production Plans
 - Start-up Cambridge KS/100 April 28
 - Start-up Bristol KS/100 May
 - Production Complete May
 - Launch Date May
- J. Strategy X --Support ongoing company business as it affects current production as assistance is required from R&D, Leaf, and Manufacturing locations.
 - Marlboro
 - MSA
 - ESB
 - N.E.T.
 - IS Evaluation
 - BBET Replacement
 - RCB Reduction
 - Specifications
 - New York Marketing Research
 - Monadic, POL and HTI Testing
- K. Strategy XI -- Implement new technologies as applied to current and new products.
 - Filter Technology Ongoing
 - Flavor Technology Ongoing
 - Paper Technology Ongoing

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Resource Allocation

The current and projected resource allocations are shown below:

A.	Marlboro Line Extension	.5
B.	B&H Line Extension	.5
C.	Virginia Slims Line Extension	.5
D.	70mm and King Size Value Product	.3
E.	Menthol Technology	.2
F.&G.	Products with Social Benefit and Products to Address Competition Entries	.3
H.&I.	Support Company Business	1
J.	Implement New Technology	1
K.	Product Preparation and Testing	1
L.	Support for Low Tar high Flavor BOLD	1
M.	Special Projects	3
N.	Project ART	.7

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